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The Management of Strategic Alliances: Cultural Resistance. Comparing the Cases of a Dutch Telecom Operator in the Netherlands Antilles and Indonesia

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Since the early 1990s, European telecom operators have expanded their activities to international markets in South America, Asia and Eastern Europe and formed complex networks of strategic alliances and joint ventures. This paper examines potential dynamics in such alliances and explores the developments in the strategic alliances of a Dutch telecom operator (KPN) in the Netherlands Antilles and Indonesia. The case studies examine how local partners responded to the cross-cultural strategies used by KPN to manage the alliances. In particular, the studies reveal that ethnocentric cross-cultural management strategies, used by KPN to establish a dominant position in the alliances, triggered a new awareness of the cultural identities of local telecom operators. In turn, this increased cultural awareness stimulated the patterns of resistance towards KPN as the dominant partner. This paper introduces the concept of 'ethnicization' to describe this strategy of resistance by the less dominant partner. The paper calls for more research to understand the strategic use of cultural identity in transnational alliances.

Key words: Telecom Operators; Strategic Alliances; Cross-cultural Strategies; Ethnocentrism; Ethnicization; Cultural Resistance

INTRODUCTION

In recent decades, the world of telecommunications has changed dramatically as a consequence of the liberalization of the telecom market (Graak, 1996; van Marrewijk, 1999). In reaction to these fundamental changes American, European and Asian telecom operators have transformed their organization from governmental monopolists into commercial service providers. Many operators have expanded their business to the international telecom markets. The operators in developed countries, in many cases, started much earlier in their process of restructuring than those in developing countries. These, mostly western, operators have had a competitive advantage and have expanded beyond their traditional national markets into peripheral markets (van Marrewijk, 2000). These strategies of internationalization have resulted in a complex network of cross-border alliances between telecom operators (Castells, 2000; Van Marrewijk, 1999).

Cultural incompatibility at corporate and national levels can hinder cooperation in the complex network of strategic alliances (Cauley de la Sierra, 1995; Lorange and Roos, 1995).

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Established comparative theories on cross-cultural management, however, do not focus on the mechanism of organizational culture and behaviour. As Cray and Mallory (1998) argue, it is not sufficient to describe cultural differences in values and norms, but it is necessary to make a connection between individual actors, organizational context and organizational strategies: 'The essence for analysing cognitive behaviour lies in the understanding how individuals and groups interpret their immediate environment' (Cray and Mallory, 1998: 97).

Therefore, it is necessary to understand how interpretations of cultural differences are negotiated, and how individuals and groups use them. In their research on cross-cultural cooperation in an Israeli-American merger in the high-tech industry, Ailon-Souday and Kunda (2003) argue that in organizations undergoing globalization, national identity constitutes a symbolic resource. National identity is part of a struggle for local separateness in the Israeli-American merger and members actively mobilized this for the social goals of resistance. Ailon-Souday and Kunda (2003: 1092) ask for more studies situated in other times and places to understand more fully the agency of members in constructing their identities and the relations between this agency and their social processes unfolding in the context of organizational globalization.

This paper discusses strategies of cross-cultural cooperation and the strategic use of culture. In reaction to ethnocentric strategies by a dominating organization in a strategic alliance the non-dominating organization can use strategies of cultural resistance. The paper introduces the analytical concept of 'ethnicization'. 'Ethnicization' is the process of social construction of an organizational identity based upon a notion of a shared national identity and shared cultural values. The analytical concept is used to examine the cross-cultural cooperation of a Dutch telecom operator, Royal PTT Netherlands (KPN), in strategic alliances in the Netherlands Antilles and Indonesia, two former Dutch colonies. Research in Indonesia and the Netherlands Antilles has been conducted in 1996–98 by means of interviewing, participant observation, and document research (van Marrewijk, 1999: 323–7).

CROSS-CULTURAL COOPERATION

Strategies on the handling of cross-cultural differences show a great deal of similarities and can be divided into three groups (e.g. Adler, 1986; Adler and Ghadar, 1993; Fung, 1995; Schneider and Barsoux, 1997; Child and Faulkner, 1998). The first group of strategies concerns ethnocentric strategies that support the cultural dominance of home country companies. Unity, control of the headquarters of the parent company, home country values and home country management models characterize this group of strategies. The second group of strategies consists of polycentric strategies that stress the importance of host country culture. The acceptance of cultural diversity, the relative autonomy of local branches and the minimization of cultural distance to the local market, are all characteristics of this group of strategies. The final group contains strategies that are combinations of the first and second group of strategies. Fung (1995), for instance, explains the origins of the ethnocentric and polycentric cross-cultural strategies from a cultural historical perspective and proposes the geocentric strategy as an attractive alternative to western and local ethnocentrism. As well as the concepts of the global multi-centric strategy (Adler and Ghadar, 1993), the utilizing strategy (Schneider and Barsoux, 1997) and the synergy strategy (Adler, 1986), this concept is based on the assumption that cultural difference can be overcome or constructively used for competitive advantage. Cancel *et al.* (2002) for example, use a cultural audit for companies to bridge the cultural differences between merging partners.

Child and Faulkner (1998) include the perspective of the partner organization and formulate a possible strategy in reaction to ethnocentric strategies. They label this a 'breakdown

strategy': one of the partners in the alliance is culturally dominating against the will of the other partner: '... a condition in which the different groups in the alliance or joint venture are incapable of working with each other, and considerable tension and conflict will ensue so long as the alliance is kept in existence' (Child and Faulkner, 1998: 248).

According to Child and Faulkner (1998), the breakdown strategy is hardly a viable policy option because it will end the cooperation. Therefore, they pay little attention to this strategy. When one focuses on how individuals and groups interpret their environment and construct their identity, however, the breakdown strategy can be of interest for studying cross-cultural resistance.

Koot stresses that strategies of tolerance, harmony, interdependence and synergy are instruments of dominant Western companies: 'harmony is the catchword of those who want to maintain the status quo' (Koot, 1997: 332). The powerful telecom companies have also used these strategies to 'manage' the cultural differences that exist between the powerful and the 'inferior' company. The telecom companies are former national oriented bureaucracies with little or no international experience. They are powerful because of large financial resources, the state of the art technology, and an early adaptation to the privatization process. Power imbalances are present in post-colonial relationships. It is interesting that KPN, like other European telecom operators, started its expansion of business in countries with which it already had cultural, political and historical connections (van Marrewijk, 2000). The majority of Western telecom companies used ethnocentric strategies in the cooperation with telecom companies in former colonies. Therefore, a few years ago, the General Director of the International Telecommunications Union (ITU), warned against a new form of imperialism in developing countries (*De Volkskrant*, October 3, 1995).

In reaction to the dominant position of Western telecom companies and their use of ethnocentric strategies, telecom companies in former colonies emphasized their national identity. Identity is always a result of defining similarities and difference with other individuals and groups (Jenkins, 1997). Therefore, interaction is seen as a prerequisite for identification (Barth, 1969; Royce, 1982; Jenkins, 1997). Identity provides continuity, safety and stability for both individuals and groups. The identity of a person is constructed of distinct social identities. In distinct situations, persons can arrange their social identities differently, a phenomenon which is called the hierarchy of social identities (Jenkins, 1997). Royce (1982) also states that cultural elements are created or invented by members of a group to distinguish themselves from other groups. National identity and cultural differences can be understood as the result of social interaction that can change over time and is situational (Royce, 1982; Jenkins, 1997; Eller, 1999). In reaction to an ethnocentric strategy by a dominant organization, national identity and cultural differences can be used strategically by the non-dominant partner (cf. McCreedy, 1996; Ailon-Souday and Kunda, 2003). This cross-cultural strategy I would like to call 'ethnicization'. We can speak of 'ethnicization' when the construction of an organizational identity based upon a notion of a shared national identity and shared cultural values, is used strategically in the alliance. This analytical concept of 'ethnicization' can be helpful in examining the cases of Dutch telecom operator KPN in the Netherlands Antilles and Indonesia.

DUTCH KPN CROSSES COLONIAL BORDERS

KPN is the former Dutch state-owned public telecom operator with 34,000 employees (KPN, 2001). The telecom revolution dramatically changed KPN's position in the Dutch telecom market from monopolist to full competition (van Marrewijk, 1999). To compensate for the loss of turnover in the Dutch telecom market, KPN expanded its activities to international

markets. Starting in 1989, the organization has put much effort into stimulating international operations by opening foreign offices, forming strategic alliances and acquiring shareholder positions in telecom markets in South America, Eastern Europe and South East Asia. In the early 1990s, KPN explored the possibilities of expanding its business to the post-colonial territories of the Netherlands Antilles and Indonesia.

The Netherlands Antilles consist of the Leeward Islands of Curacao and Bonaire and the Windward Islands St. Eustatius, Saba and St. Maarten situated in the Caribbean. Curacao is the largest of the Antillean islands with 444 square kilometres and 151,448 inhabitants (Centraal Bureau voor de Statistiek, 1997). Although the Netherlands Antilles and the Netherlands are officially equal partners in the Kingdom of the Netherlands, the relationship between the two members is unequal, difficult and sensitive as a consequence of (1) the colonial history, (2) the contemporary relations in the kingdom and (3) the economic dependency of Curacao. The colonial relationship with the Netherlands dominates the history of the Netherlands Antilles. Between 1634 and 1648 the Dutch conquered the islands and used them as a depot for the slave trade *en route* to the Caribbean and South American plantations and for its salt production. The second reason for the unequal relationship is the political interference of the Netherlands in the Netherlands Antilles. The Netherlands interferes in internal affairs such as the financial management of the government, corruption and drug trafficking. Hence, it is difficult to speak of an equal relationship.

The bad economic situation in Curacao is the third factor that further aggravates the sensitive relationship between the Netherlands and the Netherlands Antilles. At the beginning of the 20th century, the establishment of the British–Dutch multinational oil company Shell, the growth of tourism and banking prompted a rapid growth of the economy of Curacao. In 1985, the island economy collapsed when Shell left Curacao. The contemporary economy is largely dependent on financial support from the Netherlands. Dutch companies now largely dominate the economic activities in Curacao.

The Netherlands also has a long relationship with Indonesia, another former colony, which goes back to the end of the 16th century. The *Verenigde Oost Indische Compagnie* (VOC) acquired the total production and distribution of spices in the Indonesian archipelago and, as a consequence, transformed itself from a trade company into a political power. The absence of a central power and the dependency of local elites on trading with the Dutch made it possible for the Dutch traders to become the rulers of the Indonesian archipelago (Van Goor, 1987). The colonial relations lasted until the Second World War. The armed conflict between the Republic of Indonesia and the Netherlands lasted from the Indonesian declaration of Independence in August 1945 until the withdrawal by the Netherlands from West-Irian in 1963. During the period of war, all of the formal ties between Indonesia and the Netherlands were cut, Dutch property was nationalized and almost all Dutch nationals were sent home.

Since then, Indonesia has developed into a fast growing emerging market. Indonesia is trying to leave its colonial past behind, although relations with the Netherlands remain sensitive. The Netherlands is now the sixth largest investor in Indonesia, with investments in sectors such as the chemical and food industries, the manufacturing of electronics and the telecommunications sector (Smith, 1994).

KPN considered the strong cultural, technological, financial and educational links with the Netherlands Antilles and Indonesia as an advantage in doing business. For many years the organization supplied telecom equipment, technical assistance and training facilities to the former Dutch colonies. This cooperation, however, focused on development assistance rather than commercial business. Which cross-cultural strategies did KPN, with almost no international business experience, apply to expand business? How KPN went about this will be analysed in the following two case studies on the Netherlands Antilles and Indonesia.

Cultural Resistance against KPN in the Netherlands Antilles

The first international participation of KPN took place in the Netherlands Antilles. Simultaneously, the Antillean government was in need of a foreign partner to help restructure the fragmented Antillean telecom sector in 1990 (Koot and Van Marrewijk, 2000: 155). Although both KPN and the Antillean government saw the advantages of cooperation, both had overlooked the difficulties in cultural cooperation experienced in the long-term relationship between the European Dutch and Antilleans. The cultural differences between European Dutch and Antillean people manifest themselves in the use of different languages (Dutch versus Papiamentu), diverse perceptions of time, different styles in conveying criticism, in transferring knowledge, and in management, and conflicting views on the importance of personal networks for doing business and in stereotyping (e.g. Römer, 1974; Reinders, 1990). It is difficult to speak of a general and shared cultural pattern within the Antillean society (Römer, 1974; Koot, 1997). The complexity and segmentation of the Antillean society has resulted in a vast cultural diversity and the issue of identity is a complex one for the Antillean people themselves (Hoetink, 1958). Antilleans seem to identify first with their island, not with the nation of the Netherlands Antilles. This was one of the reasons that the formation of one telecom operator for all of the islands of the Netherlands Antilles failed (Koot and Van Marrewijk, 2000).

Therefore, KPN first wanted to acquire a participation in the St. Martin telecom operator. The European Dutch negotiation team, however, was unable to identify and cope successfully with the cultural differences and informal power relations (Koot and Van Marrewijk, 2000: 162–3). The power and influence of Claude Whatty was overlooked. He dominated the political and economic scene at St. Martin for more than 40 years and developed the island. The Ol' Man, as he was called, was not included in the acquisition and negotiating process. He blocked the acquisition at the very moment of signing (van Marrewijk, 1999: 220–3). Furthermore, he told the CEO of KPN, who was present on the island for the signing of the contract, to leave St. Martin. As a KPN manager remembered:

Verwaaijen (CEO of KPN) was threatened in person and told that he and his family would have something done to them if they ever visited the island again. KPN and Verwaaijen came back from St. Maarten damaged. With Verwaaijen, St. Maarten still can't be discussed. It was a traumatic experience for him. (Interview with KPN manager)

After this failure at St. Martin, KPN concentrated their efforts on the telecom operator of Curacao. But KPN was not aware of the cultural complexity of the Curacaoan society. According to Römer (1974), 'Curacaoan' denotes all the people who call themselves '*Nos yu di Korsow*' (lit: we children of Curacao). Although a great number of distinct groups such as Jews, old white Curacaoan families and the '*makamba pretu*' (Antilleans who behave like the Dutch) can be distinguished within the Curacaoan society, in cooperation with the European Dutch the commonly shared concept of '*Yu di Korsow*' is dominant. In the interaction between the different cultural and ethnic segments in Curacao mutual stereotypes are constructed and maintained. Although many cultural similarities between European Dutch and Curacaoans are perceived, the Curacaoan counterpart involved in the negotiation did everything to stress their Curacaoan identity and to enlarge the cultural distance between KPN and the Curacaoan telecom operator. As a Curacaoan consultant reflected:

I think that his style [the KPN negotiator] made no good impression. He contributed to the negative image of European Dutch. The person is European Dutch, he is arrogant – you take a dislike in him because he is European Dutch. Coincidentally he is in telecommunications so you have something against telecommunications. (Interview with Curacaoan consultant)

The Curacaoan opposition against the participation of KPN stressed the Curacaoan identity of the telecom sector by pointing out shared cultural elements and by inventing non-existent cultural traditions. The telecom operator was declared part of the '*Patrimonio Nashonal*'

(cultural inheritance) of Curacao. By selling a part of the telecom operator Curacao would sell part of its cultural roots. A union leader explained:

I have used the words ‘Nos Patrimonium’ because my grandparents taught me that you are always in need of some means of living. When you sell everything you have nothing anymore. If you do that, and you want to go for a swim with your children you might have to go to Aruba, because by then all of the bays are privately owned. Tourism, bays, houses, telecommunication – everything is sold so you don’t have anything anymore. Therefore the pronouncement was to make people aware that we receive a lot of money now, but will have nothing within a short time. (Interview with STTK union leader)

The concept of ‘*Patrimonio Nashonal*’ united the management, the employees and the labour union. They used Papiamentu as their language of protest in the media and the press to vent their opinions and to mobilize protest and public opinion against the participation of KPN (Koot and Van Marrewijk, 2000: 165). Even a documentary on the protest against the Dutch in 1969 was used:

The colonial history has not been forgotten. The documentary is a proof that it is not forgotten and that we should not forget it. It is not a coincidence that this movie has come now. It is now silently existing. The timing of the movie is maybe not right because maybe it is better to let sleeping dogs lie. But the dogs are there. These feelings still live. (Interview with Curacaoan telecom manager)

The Curacaoan telecom operator perceived KPN as a dominant and powerful Dutch organization with western management models, money, expertise, international experience and state-of-the-art technology. The Antillean partner organization in the alliance is interested in cooperation, but not at all costs:

If you are arrogant you can forget it. Even if you bring gold here, we will put you and the gold on an airplane and you can go back to the Netherlands because we are not interested. So what? Fuck you! That is the way we think. The difficulty for the Dutch is that we don’t always say this. We say, ‘yes, amen’, we talk with you, ‘nice, nice’ but in the meantime we think; ‘who do you think you are?’ We have a completely different body language. (Interview with Antillean manager)

KPN was dominating the Antillean organizations against their will. This unequal relationship shows strong similarities with the unequal relationship between the Netherlands and the Netherlands Antilles. For many of the involved Curacaoan parties, the possible participation triggered fear of losing their acquired position, economic interest, and jobs. In the opposition against KPN’s participation, distinct cultural strategies were used until, in 1993, KPN phased out its commercial activities in the Netherlands Antilles. Table I summarizes these strategies.

This case shows that a resistance strategy can be a viable option for a partner organization to change the power balance to their advantage. Curacaoans are familiar with and experienced

TABLE I Cultural Strategies to Cope with KPN (Van Marrewijk, 1999: 233)

<i>Cultural strategies used by the Curacaoan opposition</i>
<ul style="list-style-type: none">• Using anti-Dutch feelings among employees and Curacaoans to mobilize protests.• Stressing the importance of the telecom operator for the national identity of Curacao.• Creating chaos by changing the rules of the game in the negotiation phase with KPN.• Making vague what has been decided.• Using ‘yes-refusal’: agree, say yes, but do not execute the agreement.• Mobilizing public opinion by getting press coverage in TV and newspapers.• Politicizing conflicts by incorporating political parties into organizational conflicts.• Isolating the Dutch negotiation team from information circuits.• Using personal networks to exert influence on Curacaoan decision makers.• Putting the Dutch manager on a throne, telling that ‘without your help I can’t do it’, flatter him, lull him to sleep so he loses sharpness.• Speaking Papiamentu when discussing problems.• Referring to the Dutch colonial history.• Excluding the Dutch from Curacaoan personal networks.• Delaying decisions until the Dutch cannot wait any longer and then rise to the bait.• Stimulating the Dutch manager to take the initiatives, agree and wait.

in dealing with Dutch dominance as a result of the long colonial relationship. They have developed a high level of flexibility, a degree of independence and ways and means to acquire financial support. Each of the involved Antillean partners intended to benefit from the participation of KPN by using a resistance strategy. These cultural strategies of resistance, however, were short-term survival strategies that have not resulted in successful structural developments in terms of a restructuring and improvement of the Antillean telecom sector (Koot and Van Marrewijk, 2000). In the light of the volatile relationships between the European Dutch and the Antilleans it would seem wiser in the future to start with very low-profile small-scale projects, to keep the power differences in balance, to create mutual trust and personal relations first and extend the venture only after these objectives have been successfully achieved. Whether KPN learned from these experiences in the Netherlands Antilles and changed its cross-cultural strategy in future joint ventures overseas will be assessed below in the analysis of its bid to acquire a position in the Indonesian telecom market.

Cultural Adaptation of KPN in Indonesia

From 1991 onwards, KPN has been interested in commercial activities in Indonesia, its policy being based on two objectives. The first objective was to become a local operator in Indonesia and the second was to find an Indonesian partner in telecommunications. To reach these objectives the employees of KPN had to handle the cultural differences between the Indonesians and Dutch successfully. These differences manifested themselves in use of language (*Bahasa Indonesia*), time-related issues, importance of personal networks, ethnic and religious diversity, management practices, delivery of criticism, transfer of knowledge and mutual images (cf. Brandt, 1997). From the outset, KPN showed that it had learned from its experiences in the Netherlands Antilles. KPN carefully built a relationship with Indonesian journalists and invited them for a four-day visit to the Netherlands. Furthermore, KPN managers were trained to understand and to respect cultural differences. When for example a new office was opened, local cultural and religious rituals were respected in order to satisfy the Indonesian employees. As a KPN manager explained:

In this office we have had an official and unofficial inauguration. The office building has cemeteries on the north and the west side. For Indonesians that is a bad situation. Therefore the building has to be consecrated. So, while construction was still on its way, we have consecrated the building together with the employees. We fetched an Imam. I understood that the building had to be cleared of negative energy as soon as possible. My secretary took the initiative. (Interview with Dutch KPN expatriate)

In the start-up phase, KPN learned about cultural diversity in Indonesia drawing on earlier experiences. For many years KPN has been involved in non-profit advising for the development of telecommunications in Indonesia. The organization used the historical and cultural relations between Indonesia and the Netherlands to acquire a position in the Indonesian telecom market by focusing on the long-standing personal networks between their employees and Indonesian telecom engineers and the positive image of KPN in Indonesia. The organization acknowledged the need for good personal relations in conducting business in the Indonesian telecom sector and used distinct Indonesian middlemen to establish and maintain relations and to settle conflicts. It was important for KPN to show respect for religious differences, because religion in Indonesia provides a social framework consisting of religious education, religious rituals, social life in churches, religious values and norms that are extended to working organizations (Brandt, 1997). Furthermore, they were confronted with the enormous ethnic diversity in the Indonesian archipelago. But the Dutch awareness of cultural diversity was not enough for the Indonesian counterparts.

The Indonesian government and the Indonesian strategic partners were very sensitive to a possible colonial attitude of the Dutch operator. The initial ethnocentric cross-cultural strategy

of KPN in Indonesia met with resistance. The Indonesian government and the Indonesian partners adopted different cultural strategies of resistance to balance relations with KPN and to redress the dominant attitude of the Dutch. When the Dutch CEO of KPN arrived at the airport of Bandung, the Indonesian Minister of Telecommunications demanded Indonesian rituals of showing respect. As a Dutch KPN manager observed:

We had a VIP room at the Bandung airport, but he [the Indonesian Minister of Telecommunications] refused to come there. He just passed the room without looking to the left or right and stopped at the exit of the arrival hall, with his face looking out. So we had to leave the room, walk around him and approach from the front. The ice was broken when Ben [CEO KPN] said: 'Excellency, I have brought you something on behalf of my wife, can I give it to you?' Then the Minister asked: 'What is it?' Ben said: 'Semolina pudding with juice of berries!'. He really had it with him. I did not know that. But he had brought it from home – in those ready-made packages – and given it to him. And then, the conflict was over. (Interview with CEO Asia of KPN)

Telecommunications has always been an important instrument for the Indonesian government in this period of nation building. In 1976, Indonesia was the third country, after Canada and the USA, to use a satellite communication system, called the Palapa. With the launching of this satellite, an old oath was redeemed. The name of Palapa refers to a myth from the 13th century, when an oath was made not to rest before all of the Indonesian archipelago would be united. The opening of the Indonesian market to foreign investments and the opening of the Indonesian society for foreign information fuelled the fear among Indonesians that Western culture would overrule the Indonesian identity. By connecting the telecom sector to the Indonesian cultural identity, the Indonesian government and the Indonesian strategic partners were able to counter the financial, managerial and technologic power of foreign multinationals.

Consequently, the Dutch feeling of guilt with regard to the Dutch role in the colonial history made the KPN employees weak opponents in negotiations and conflicts. In the struggle for formal power the Indonesians strategically used the sensitive Indonesian-Dutch relationship of the past to their advantage:

I like working with the Dutch because they cannot argue the issue of nation building. There is a history with the Dutch so if they argue or don't agree, I will remind them about the history and about the colonial situation and then they back off. (Interview with Indonesian manager of KPN joint venture)

The Indonesian government and the Indonesian strategic partners laid emphasis on the colonial history as soon as any behaviour was noted that could be classified as domineering, and used their knowledge of the Dutch culture to balance relations and distribution of power. Apart from that, for the Dutch it was very unclear who was really in charge in the Indonesian partner organization:

Regularly I have the feeling that this [the company; AvM] is a '*wayang kulit*' where someone behind the curtain is playing the different puppets. The puppets are the General Manager, the Financial Director and the Director of operations for instance. The puppeteer remains invisible and imitates different voices. As a result you don't know who really is behind it. And the puppets themselves are also puppeteers playing smaller puppets. Like this you have a '*wayang kulit*' within a '*wayang kulit*' and you absolutely do not know who is behind what. (Interview with Dutch KPN employee)

In order to execute KPN policy in Indonesia, close contacts with the telecom operator and the regulatory body of the Indonesian government were necessary. Establishing a good relationship with the minister of telecommunications, however, was not an easy task. In various speeches the minister referred to the small size of the Netherlands and the postcolonial relationship. He wanted the KPN negotiation team to know that the Indonesian-Dutch relations had changed and that the Indonesian identity had to be respected. So when KPN's joint venture constructed a mobile telephone infrastructure in Indonesia it had to cover all of the 27 provinces of Indonesia according to the Indonesian counterparts. The marketing of the mobile telephones was supported with commercials with a strong accent on the cultural diversity of Indonesia and nation-wide coverage of the infrastructure. In each province, the

TABLE II Cultural Strategies Used by Indonesians (Van Marrewijk, 1999: 280)

Cultural strategies used by Indonesians to cope with KPN

-
- Stressing the colonial history of the Dutch in Indonesia in negotiation processes.
 - Stressing the smallness of the Netherlands in order to change the dominant Dutch attitude.
 - Connecting the cultural unity and identity of Indonesia to the telecom business.
 - Isolating the Dutch managers from informal personal networks.
 - Not using formal channels of communication.
 - Not taking any initiatives.
 - Letting the Dutch manager wait.
 - Having no time for an appointment.
 - Speaking Dutch to stress the content of a speech.
 - Spreading gossip.
 - Using personal networks to block decisions.
 - Stressing of Muslim religion.
 - Using Dutch employees to deliver difficult messages.
 - Working early in the morning and late in the evening at the office.
 - Leaving vague who is in power.
 - Using personal networks to obtain information.
 - Creating a negative image of the Dutch.
-

daughter of the governor was asked to pose in traditional clothing for the cover of the telephone cards. An old popular folk song, 'from Aceh to Merauke', served as a link to the dream of one Indonesian nation.

Elsewhere I identified the different cultural strategies used by the Indonesian partner organization to emphasize and enlarge the cultural differences between the Dutch and Indonesians. Table II summarizes these strategies.

The Two Cases Compared

The Antillean and Indonesian cases show similarities. The cooperation of KPN in the Netherlands Antilles and Indonesia was preceded by a long colonial history, which led both the Antillean and the Indonesian people to develop strategies to cope with the dominant European Dutch counterpart. For many years, KPN was involved in non-profit advising for the development of telecommunications in both countries. The strategy to acquire positions in new international telecom markets transformed the relations between KPN and the Antillean and Indonesian telecom operators into a more commercial relationship. At the start, the Dutch operator used ethnocentric cross-cultural strategies to deal with cultural diversity in both the Netherlands Antilles and Indonesia. As a result, the partner organizations in the Netherlands Antilles and Indonesia emphasized and stressed their cultural identity to resist the dominance of KPN.

From these cases, the conclusion can be drawn that the dominant behaviour of KPN in a sensitive postcolonial relationship generates the resistance of the local telecom operator. The analytical concept of 'ethnicization' helps to understand that in a struggle for power the 'dominant' partner organization will use ethnocentric cultural strategies while the less dominant partner organization will use strategies of cultural resistance. For that reason, telecom operators in developing countries speak of the 'new imperialism' and emphasize the importance of telecommunications for the national cultural identity. They stress the necessity of maintaining their own cultural identity and exaggerate the negative effects of existing cultural differences as a strategy against the perceived dominant partner. Therefore, we can speak of processes of 'ethnicization' when the construction of an organizational identity, based upon a notion of a shared national identity and shared cultural values, is used strategically in an alliance. This strategy can endanger the cooperation, but is not necessarily

intended to end the cooperation. The concept of 'ethnicization' provides a better understanding of cross-cultural cooperation between a dominant and a non-dominant partner than does the concept of break-down strategy as proposed by Child and Faulkner (1998).

The cultural as well as the political-economic contexts of the two cases are distinctly different and explain the different outcomes. Until the end of 1997, Indonesia possessed one of the fastest growing economic markets in the world. The size of the telecom markets, the promising growth figures, the access to political power and technical knowledge were strong sources of power for the Indonesian partner organization. The Netherlands Antilles, in contrast to Indonesia, not only has a small and vulnerable economy, but is also largely dependent on the Netherlands. While, in the case of the Netherlands Antilles, a certain underestimation of the complexity of relations was present, in the Indonesian case it is clear that KPN was forced to take differences in national identity and culture more seriously. The economic and political context, the difference in size and character of the Indonesian telecom and a more powerful counterpart made for a more equal power balance. The Indonesian strategies forced KPN to change its ethnocentric strategy into a polycentric strategy in which the balance was in favour of local culture.

CONCLUDING REMARKS: THE MANAGEMENT OF STRATEGIC ALLIANCES AND CULTURAL RESISTANCE

The case studies examine how local partners responded to the strategies used by KPN to manage the alliances. As the operator was a former national monopolist, KPN had almost no experience with international cooperation. At the start of the internationalization process the organization used mainly ethnocentric strategies to establish a dominant position in the alliances. The ethnocentric cross-cultural management strategies triggered a new awareness of the cultural identities of local telecom operators.

In the case of the Netherlands Antilles, KPN's ethnocentric strategy blocked the acquisition of participation in the St. Martin's telecom operator. The Dutch negotiation team was unable to identify the informal power relations in St. Martin. The ethnocentric strategies used in the alliance with the Curacaoan telecom operator also triggered an awareness of cultural identity. Curacaoan employees emphasized the position of the telecom operator as part of the national cultural heritage. Furthermore, they stressed their Antillean national identity and enlarged the cultural differences between KPN and the Curacaoan telecom operator. As a result, the resistance against the alliance grew. Finally, after two years of negotiation, KPN withdrew.

KPN started with ethnocentric cross-cultural strategies to manage a strategic alliance in Indonesia. The Indonesian partner organization used cultural strategies to emphasize the Indonesian national identity and the colonial history. KPN had learned from the Antillean case not to deny the Indonesian cultural context. Furthermore, the promising Indonesian telecom market and the competition with other Western operators forced KPN to use more polycentric cross-cultural strategies to manage the alliance.

From these two cases it can be concluded that the concept of 'ethnicization' provides a relevant analytical instrument to gain insight in cross-cultural cooperation in strategic alliances. In a struggle, for power the 'dominant' partner organization in an alliance will use ethnocentric cultural strategies while the 'non-dominant' partner organization will use strategies of cultural resistance that may be characterized as strategies of ethnicization. 'Ethnicization' is the social construction of an organizational identity based upon a notion of a shared national identity and shared cultural values.

The findings support the observations by Ailon-Souday and Kunda (2003) of organizations undergoing globalization. National identity and cultural differences constitute a symbolic

resource for the social aims of resistance. Theories on identity construction have been helpful to understand national identity and cultural differences as the result of social interaction, which can change over time and which is situational (cf. Royce, 1982; Jenkins, 1997; Barth, 1994; Eller, 1999). Complex and intensive relations as in the case of Israeli-American, Dutch-Antillean and Dutch-Indonesian cooperative ventures can trigger the strategic use of national identity. The findings show the need to study the connection between individual actors, organizational context and organizational strategies to provide a better understanding of [the pitfalls of] cross-cultural cooperation as Cray and Mallory (1998) propose.

The question as to what generates 'ethnicization' strategies is certainly of interest and requires further and more detailed research. Ethnocentric strategies, post-colonial relations between alliance partners, unequal power relations in the alliance and traditions of resistance with one of the alliance partners can trigger the onset of cultural resistance. To obtain more information, in-depth studies are required of corporate cases in which the processes of 'ethnicization' are central.

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